

AR39

Had Figures



Established 1853

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ANNUAL MEETING

The Annual Meeting of Shareholders' will be held at 11:00 a.m.,
May 1, 1974 in Toronto in the Auditorium at
9 Sunlight Park Road.

Financial Highlights

	Year Ended January 31		% Change
	1974	1973	
Sales			
Retail Division			
Stores	\$19,213,065	\$16,286,354	+18.0
Licensed Woolco Departments	46,505,292	38,128,457	+22.0
	65,718,357	54,414,811	+20.8
Manufacturing Division	5,545,270	5,184,605	+ 7.0
	71,263,627	59,599,416	+19.6
Income before depreciation and interest	9,481,459	6,948,633	+36.5
Depreciation and interest	1,014,113	606,713	+67.1
Net Income	4,033,774	3,232,456	+24.8
Percentage of net income to sales	5.66	5.42	
Earnings per common share based on weighted average of 1,883,600 shares in 1974 and 1,874,700 shares in 1973	\$2.14	\$1.72	+24.4
Dividends paid per share	\$.42	\$.325	+29.2
Shareholders' equity	\$18,172,097	\$14,701,652	+23.6
Earnings as a percentage of shareholders' equity	22.2	22.0	
Working capital	\$ 7,932,722	\$ 7,139,602	
Current ratio	1.9:1	2.0:1	

Board of Directors

*G. RICHARD CHATER, <i>Chairman and Chief Executive Officer, Grafton-Fraser Limited</i>	Campbellville
BRIG.-GEN. W. PRESTON GILBRIDE, C.B.E., D.S.O., E.D., L.L.D., <i>Chairman, the Company</i>	Toronto
WILLIAM A. HEASLIP, <i>President, Grafton Realty Company, Limited</i>	Milton
WILLIAM F. JAMES, <i>Partner, James & Buffam</i>	Toronto
*JAMES W. McCUTCHEON, <i>Partner, Shibley, Righton & McCutcheon</i>	Toronto
STEWART PHILP, <i>Retired President of a Subsidiary</i>	Dundas
*JOHN B. RIDLEY, <i>Retired Investment Dealer</i>	Toronto
SAM FOSTER ROSS, O.C., <i>Partner, Ross & Robinson</i>	Dundas
*GEORGE A. REYNOLDS, C.A., <i>Secretary, Grafton-Fraser Limited</i>	Thornhill
T. EDWARD TOPPING, <i>President, Grafton-Fraser Limited</i>	Stouffville
*DAVID B. WELDON, <i>President and Chief Executive Officer, Midland Doherty Limited</i>	Toronto
DOUGLAS C. WOOLLEY, O.C., <i>Partner, Woolley, Hames, Dale & Dingwall</i>	Toronto
THOMAS R. YOUNG, <i>President, Toby Industries Limited</i>	Toronto
*Audit Committee	

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA

Head Office

9 SUNLIGHT PARK ROAD, TORONTO M4M 3G1

Auditors

THORNE GUNN & CO.

Stock Exchange Listings

TORONTO STOCK EXCHANGE

MONTREAL STOCK EXCHANGE

Her Majesty the Queen and His Royal Highness Prince Philip Visit Grafton House

June 29, 1973



Her Majesty the Queen and His Royal Highness Prince Philip with Brig.-Gen. W. Preston Gilbride.



Awaiting the Queen's arrival.



The Queen tours Toby Industries.

GRAFTON GROUP LIMITED

W. P. GILBRIDE, *Chairman*

G. R. CHATER, *President*

W. A. HEASLIP, *Executive Vice President*

G. A. REYNOLDS, *Vice President Finance,
Secretary and Treasurer*

GRAFTON-FRASER LIMITED

G. R. CHATER, *Chairman and Chief Executive Officer*

T. E. TOPPING, *President*

J. C. COUTTS, *Vice President*

A. L. LUCAS, *Vice President*

G. A. REYNOLDS, *Secretary*

S. A. LINDSAY, *Treasurer*

W. J. SMITH, *Manager of Information Services*

H. SANDERS, *Advertising and Public Relations*

TOBY INDUSTRIES LIMITED

T. R. YOUNG, *President*

A. M. PEARSON, *Operations Manager*

W. TISCH, *Marketing Manager*

A. RIDING, *Manufacturing Manager*

D. P. WORSNOP, *Controller*

J. LOEB, *General Manager, J. B. McGregor Division*

GRAFTON REALTY COMPANY, LIMITED

W. A. HEASLIP, *President*

MRS. JEAN A. LAWSON, *Assistant Secretary*

Directors' Report to the Shareholders

This has been a rewarding year for the Company. Earnings per share increased to \$2.14 from a restated \$1.72 for the previous year. The restatement of last year's earnings was a result of the retroactive consolidation of a wholly owned real estate company, Grafton Realty Company, Limited, whose contributions to consolidated net earnings amounted to 1/5¢ in 1974 and 1¢ in 1973. I do not agree that this is the most appropriate presentation of the Company's accounts and its subsidiaries but we have adopted this style to comply with the handbook of the Canadian Institute of Chartered Accountants and the views of the Ontario Securities Commission, in respect of consolidation of all subsidiaries.

The retail division, represented by Grafton-Fraser Limited, continued its strong growth in sales and earnings which were the result of the largest number of new store openings in the Company's history. Eleven Woolco stores and 13 Jack Fraser stores were opened during the year. Two stores in downtown locations were closed. In the coming year, it is anticipated that 11 new Woolco locations and 12 Jack Fraser stores will be opened while 3 company stores will be closed. As many of the new stores were opened quite late in the year, by far the greatest proportion of the sales increase came from outlets opened in prior years.

Toby Industries Limited, our manufacturing division, experienced a sharp decrease in sales of imported finished goods but an increase in sales of manufactured goods resulted in the final sales gain. The net income of this division rose substantially from the prior year but has not as yet attained the desired objective of the Company. Next year should see a continuation of the favourable trend in spite of fluctuating world raw material prices. The purchase of the assets of James B. McGregor will further enhance the profitability of this division.

Dividends were increased by 20% commencing with the December payment. This reflects the Company's present policy of paying out approximately 25% of earnings to shareholders while retaining sufficient funds to finance the growth of the Company. Approximately \$2 million in cash was invested in other companies. \$1 million was invested in the Forsyth Trading Company Limited, an historically leading Canadian manufacturer of quality shirts, and \$1 million in the shares of a listed retail company.

The outlook for the coming year is somewhat clouded by continuing rapid inflation in Canada and the unsettled world economic conditions but, to date, there has been no evidence of slackening consumer demand for apparel. Satisfactory increases in sales and earnings for the coming year are expected with a greater proportion of the increase coming from the Western provinces where geographically, the Company's store distribution continues to be increasingly important.

We sincerely appreciate the confidence, achievement and dedication to Grafton Group's progress shown by its management, employees, customers, suppliers, developers and associates during the year.

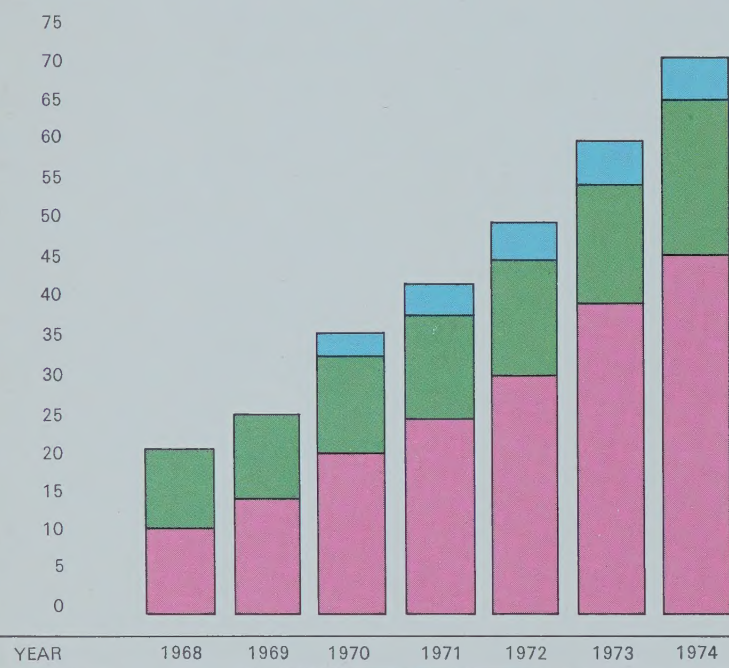
Submitted on behalf of the Board

G. R. Chater
President
March 13, 1974

Information Graphs

Sales

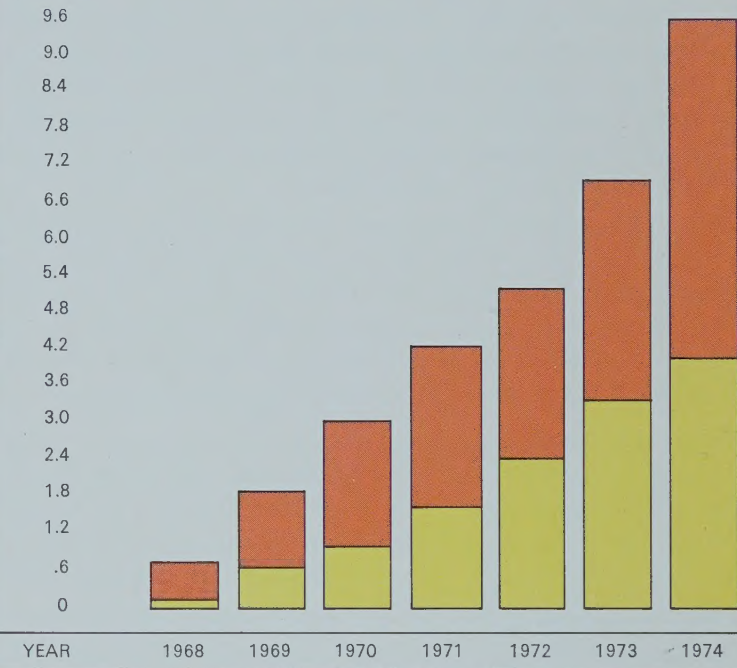
Millions of \$



■ Licensed Woolco Departments ■ Stores ■ Manufacturing Division

Operating and Net Income

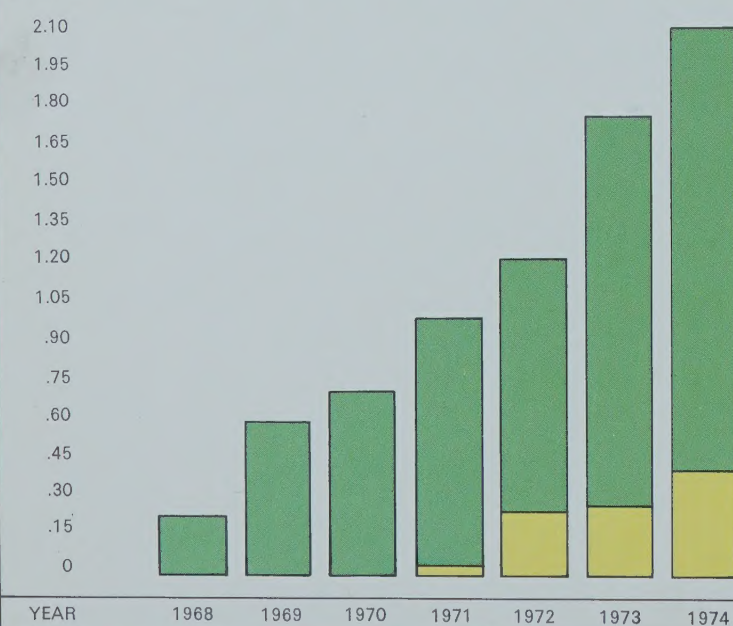
Millions of \$



■ Operating income ■ Net income

Earnings per Common Share and Dividends per Common and % of Earnings

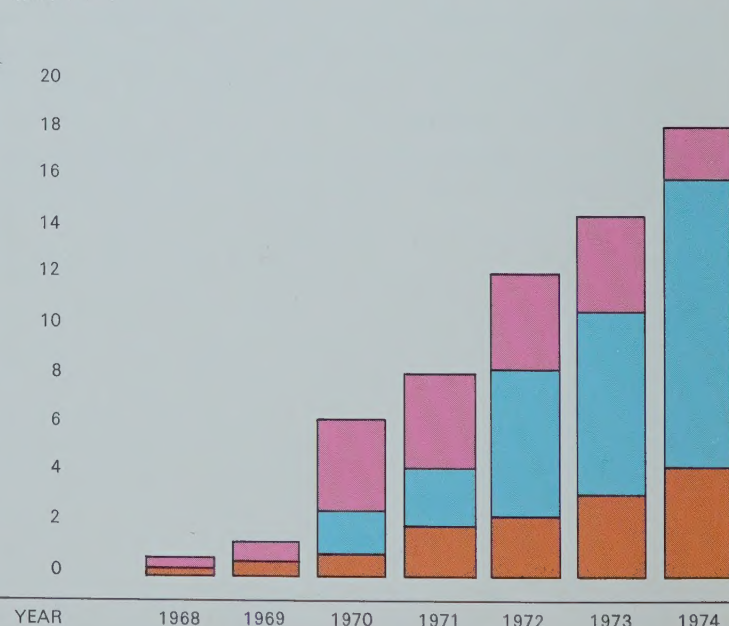
\$



■ Earnings per common share ■ Dividends per common shares as a % of earnings

Shareholders' Equity, Tangible Net Worth and Return Thereon

Millions of \$



■ Shareholders' equity ■ Tangible net worth ■ Return thereon

Financial and Operating Review

GRAFTON GROUP LIMITED
(Incorporated under the laws of Ontario)
and subsidiary companies

Financial and Operating Review

Record sales and earnings levels were recorded by the Company during the year. Although the weather was not favourable to apparel retailing, an excellent Christmas season, high levels of consumer spending and sound merchandising policies enabled the Company to sustain our sales and earnings growth.

Sales

Consolidated sales rose by 19.6% to \$71,263,000 from \$59,599,000. The retail division, Grafton-Fraser Limited, experienced a gain in sales of \$11,303,000 or 20.8%, while the manufacturing division, Toby Industries Limited, achieved a sales increase of \$360,000 or 7%.

Earnings

Net income after taxes again recorded a favourable growth to \$4,033,774 from \$3,232,456 or 24.8%. The main contribution to the earnings increase came from Grafton-Fraser Limited although the manufacturing division, Toby Industries Limited, recorded a significant improvement in net profit. The profit contribution of Grafton Realty Company, Limited was insignificant since its structure is oriented to cash flow criteria.

Operations

Grafton-Fraser Limited

Thirteen new Jack Fraser stores were opened in the following locations: Dartmouth and Halifax, Nova Scotia; Moncton, New Brunswick; Ottawa, Hamilton, London, Chatham, Windsor, Thunder Bay, 4 in Metropolitan Toronto, Ontario. Leased Woolco Departments were opened in: St. Laurent, St. Jean, Chicoutimi, Quebec; Brockville, Hamilton, Chatham, 3 in Metropolitan Toronto, Ontario; Saskatoon and Moose Jaw in Saskatchewan. Two Grafton stores in downtown locations were closed during the year and three other stores closed shortly after the year end. The retail locations at the year end consisted of 65 Company stores and 67 Leased Woolco Departments. The gross sales floor area increased by 132,000 square feet (net) during the year while the sales per square foot, based on the year end figures, rose to \$77.3 from \$75.8. As 9 of the locations were opened late in the last quarter of the year, the sales per square foot, based on the year end figures, do not reflect a true picture of productivity.

Inventory turn-over on a year end basis was 6.5 turns as compared with 7.2 turns for the prior year. In a time of rising prices and difficulties of supply in key merchandising categories, the apparent higher inventory level being carried is mainly attributable to late openings on a calendar year basis and predicted in last year's report. The operating ratios in both leased departments and company stores improved, mainly as a result of the decrease in merchandise shrinkage as a percentage of sales, and this result is due to better management controls. Our move to new and enlarged Head Office facilities last year has resulted in improved efficiencies in the buying and management communication and control of operations while the Head Office costs, as a percentage of sales, once again declined notwithstanding higher fixed charges.

Toby Industries Limited

Sales for the year rose by 7%. This increase was achieved by a healthy rise in sales of manufactured products which more than offset a 20% decline in sales of imported lines. The increased productivity would not have been possible without our new location. Profits increased satisfactorily for the year but, due to world uncertainties regarding prices and raw material supplies, they have not returned to historical levels. Computer support, which has been invaluable in our retail progress, is now being introduced to our manufacturing division.

James B. McGregor International Limited

Grafton Group, through Toby Industries, intends to make an offer to purchase all of the assets, subject to the liabilities, of the James B. McGregor Division of James B. McGregor International Limited, an unconsolidated associate company. This division is mainly engaged in the manufacture of plastic shower curtains. During the past year sales were in excess of \$4 million and the division has experienced a substantial growth rate in sales and profits for the last 5 years. The net purchase will be at the book value of approximately \$2 million and will be satisfied by the cancellation of the \$756,891 note of James B. McGregor International Limited, other advances in the amount of \$146,738 and cash for the remaining balance. The textile division of James B. McGregor International Limited was closed out during the year due to unsatisfactory performance. As no other operating divisions remain in James B. McGregor International Limited, Grafton Group has decided to cancel the full note of \$756,891 as partial payment for the shower curtain division rather than convert the \$56,100 portion of the note into 53% of James B. McGregor International Limited and thus avoid any conflict in arriving at the value to be paid for the purchase of the 47% minority interests. No goodwill will be involved in the contemplated purchase.

Grafton Realty Company, Limited

The accounts of this wholly-owned real estate company were consolidated for the first time and the Grafton Group financial statements for the last year re-stated to reflect the inclusion of the Grafton Realty figures. The decline in net income to approximately \$4,000 for the year from \$24,500 was due in part to increased interest costs paid under the floating interest rate provisions of the Grafton Realty term bank loan. The Grafton Realty Company has a positive cash flow and consequently there will be no negative effects on the cash resources of Grafton Group. Two of the stores closed by Grafton-Fraser in 1973 were owned by Grafton Realty, one has been leased to a financial institution and the other sold since the year end for cash. Both transactions were on a favourable basis to cost.

Forsyth Trading Company Limited

In November, 1973, Grafton Group purchased a 33⅓% interest in the preference and common shares of this Company and also contingently guaranteed 50% of the Forsyth Trading bank borrowings and certain notes payable. Grafton Group made this investment in Forsyth for two reasons, (a) to maintain through Forsyth and its subsidiaries an adequate and assured supply of Canadian made shirts and related items, and (b) as an investment which satisfied our criteria as to growth and return on investment and where our Company can materially assist in the progress of an important Canadian owned apparel company. Earnings of Forsyth Trading for next year will be reported by Grafton Group on the equity basis of accounting. No earnings could be estimated for the period of ownership in 1973.

Financial Position

The Company's financial position has continued to strengthen during a period of very rapid growth. Since becoming a public company in 1971, the shareholders' equity has increased by 129% from \$7,924,000 to \$18,172,000 in 1974, and total assets have grown by 119% during the period. At the same time, sales have risen by 69.7% from \$42,004,000 to \$71,264,000 while net income climbed 146% to \$4,034,000 from \$1,638,000.

Working capital amounted to \$7,933,000 in 1974 (\$7,140,000 in 1973), an increase of \$793,000 after an outlay of \$2,009,000 for non-current investments during the year.

The accelerating expansion program that we contemplate for the next five years will be adequately financed from internal sources while still leaving significant latitude to consider other investment opportunities.

Consolidated Statements of Income and Retained Earnings

GRAFTON GROUP LIMITED
(Incorporated under the laws of Ontario)
and subsidiary companies

	Year Ended January 31,	
	1974	1973
INCOME		
Sales		
Retail	\$65,718,357	\$54,414,811
Manufacturing	<u>5,545,270</u>	<u>5,184,605</u>
	71,263,627	59,599,416
Cost of sales and expenses other than undernoted	<u>61,782,168</u>	<u>52,650,783</u>
Income from operations before taking into account the undernoted items	<u>9,481,459</u>	<u>6,948,633</u>
Depreciation	567,110	393,422
Interest on long term debt	171,890	112,063
Other interest	275,113	101,228
Provision for decline in value of marketable securities	<u>87,473</u>	
	<u>1,101,586</u>	<u>606,713</u>
Income before income taxes and minority shareholders' interest	8,379,873	6,341,920
Income taxes	<u>4,309,800</u>	<u>3,067,400</u>
Income before minority shareholders' interest	4,070,073	3,274,520
Preference share dividends paid to minority shareholders of subsidiary companies	<u>36,299</u>	<u>42,064</u>
Net income for the year	<u>\$ 4,033,774</u>	<u>\$ 3,232,456</u>
Earnings per share	<u>\$2.14</u>	<u>\$1.72</u>
RETAINED EARNINGS		
Balance at beginning of year	\$ 7,736,477	\$ 5,113,187
Net income for the year	<u>4,033,774</u>	<u>3,232,456</u>
	11,770,251	8,345,643
Dividends on common shares	<u>791,541</u>	<u>609,166</u>
Balance at end of year	<u>\$10,978,710</u>	<u>\$ 7,736,477</u>

Consolidated Balance Sheet

GRAFTON GROUP LIMITED
(Incorporated under the laws of Ontario)
and subsidiary companies

	January 31,	
	1974	1973
ASSETS		
CURRENT ASSETS		
Cash and bank deposit receipts	\$ 2,280,288	\$ 2,443,485
Accounts receivable	3,070,700	2,676,084
Marketable securities, at the lower of cost and market	213,897	355,370
Inventories (note 2)	11,439,610	8,600,551
Deposits and prepaid expenses	167,942	282,484
	<u>17,172,437</u>	<u>14,357,974</u>
OTHER RECEIVABLES (note 3)	1,006,856	1,012,811
INVESTMENTS (note 4)	<u>2,009,385</u>	
FIXED ASSETS, at cost		
Land (note 1)	1,390,295	1,390,295
Buildings	2,753,507	2,949,433
Machinery, equipment, fixtures and leasehold improvements	4,803,192	3,979,008
	<u>8,946,994</u>	<u>8,318,736</u>
Less accumulated depreciation	<u>3,147,957</u>	<u>2,925,076</u>
	<u>5,799,037</u>	<u>5,393,660</u>
EXCESS OF COST OVER UNDERLYING BOOK VALUES OF SUBSIDIARIES AT DATES OF ACQUISITION	<u>3,609,572</u>	<u>3,609,572</u>
	<u>\$29,597,287</u>	<u>\$24,374,017</u>

Approved by the Board

JOHN B. RIDLEY, *Director*

G. R. CHATER, *Director*

		January 31,	
		1974	1973
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 5,740,715	\$ 6,106,091
Income and other taxes payable		3,392,115	965,256
Principal due within one year on long term debt		106,885	147,025
		<u>9,239,715</u>	<u>7,218,372</u>
LONG TERM DEBT (note 5)			
Term bank loan		1,734,820	1,866,738
Less principal included in current liabilities		106,885	147,025
		<u>1,627,935</u>	<u>1,719,713</u>
DEFERRED INCOME TAXES		<u>78,700</u>	<u>72,700</u>
PREFERENCE SHARES HELD BY MINORITY SHAREHOLDERS in subsidiary companies (note 6)		<u>478,840</u>	<u>661,580</u>
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 7)			
Authorized			
1,735 Non-voting 6% non-cumulative, preference shares, redeemable at par value of \$10 each			
3,500,000 Common shares without par value			
Issued			
1,888,907 Common shares (1973, 1,878,335 shares)		7,018,175	6,789,819
CONTRIBUTED SURPLUS (note 6)		175,212	175,356
RETAINED EARNINGS		<u>10,978,710</u>	<u>7,736,177</u>
		<u>18,172,097</u>	<u>14,701,652</u>
		<u>\$29,597,287</u>	<u>\$24,374,017</u>
Long term leases (note 8)			
Contingent liabilities (note 10)			

Consolidated Statement of Source and Application of Funds

GRAFTON GROUP LIMITED
(Incorporated under the laws of Ontario)
and subsidiary companies

	Year Ended January 31,	
	1974	1973
Source of funds		
Operations		
Net income for the year	\$4,033,774	\$3,232,456
Items not involving current funds		
Depreciation	567,110	393,422
Deferred income taxes	6,000	32,100
	4,606,884	3,657,978
Decrease in other receivables	5,955	
Sale of fixed assets	15,931	13,018
Proceeds from issue of common shares	228,356	123,811
Term bank loan		1,950,000
	4,857,126	5,744,807
Application of funds		
Additions to fixed assets	988,418	3,275,081
Increase in other receivables		138,896
Dividends on common shares	791,541	609,166
Cost of preference shares of a subsidiary company purchased for cancellation	182,884	118,299
Reduction of non-current portion of long term debt	91,778	230,287
Purchase of investments	2,009,385	
	4,064,006	4,371,729
Increase in working capital	793,120	1,373,078
Working capital at beginning of year	7,139,602	5,766,524
Working capital at end of year	\$7,932,722	\$7,139,602

Notes to Consolidated Financial Statements

GRAFTON GROUP LIMITED
(Incorporated under the laws of Ontario)
and subsidiary companies

YEAR ENDED JANUARY 31, 1974

1. BASIS OF CONSOLIDATION AND ACCOUNTING PRESENTATION

The consolidated financial statements include the accounts of all subsidiary companies on a comparative basis as follows: Grafton-Fraser Limited and its subsidiary company for the fiscal years ended January 2, 1974 and January 3, 1973; Toby Industries Limited and Grafton Realty Company, Limited for the years ended December 31, 1973 and 1972. Grafton Realty has been consolidated in 1974 for the first time in these financial statements and accordingly the 1973 comparative figures have been restated on a retro-active basis resulting in an increase of \$24,503 in 1973 net income and an increase of \$16,151 in 1973 opening balance of retained earnings. The excess of cost of shares of Grafton Realty over their underlying book value at the date of acquisition in 1971 amounting to \$298,758, has been allocated to land based on an independent valuation.

2. INVENTORIES

	1974	1973
Retail	\$10,128,989	\$ 7,545,101
Manufacturing		
Raw materials	698,432	487,980
Work in process	215,918	132,251
Finished goods	396,271	435,219
	<u>1,310,621</u>	<u>1,055,450</u>
	<u>\$11,439,610</u>	<u>\$ 8,600,551</u>

The retail inventory is valued at the lower of cost and net realizable value less normal profit margin. Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value.

3. OTHER RECEIVABLES

	1974	1973
Note receivable from affiliated company, secured	\$ 756,891	\$ 756,891
Advance to affiliated company, secured	146,738	146,738
Mortgages receivable	103,227	109,182
	<u>\$ 1,006,856</u>	<u>\$ 1,012,811</u>

The note receivable from affiliated company is secured and non-interest bearing. It is payable \$100,000 annually from May 1, 1974 to May 1, 1978 with the balance payable on May 1, 1979. A portion of the note, \$56,100 is convertible after May 1, 1974 and prior to repayment on May 1, 1979 into common shares representing approximately 53% of the voting shares of the affiliated company (note 11).

4. INVESTMENTS

Investments at January 31, 1974:

Listed marketable securities of a retail company, at cost (market value \$820,800)	\$ 997,234
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One-third of the common and preference shares of Forsyth Trading Company Limited, at cost, purchased November 1973	<u>1,012,151</u>
	<u>\$ 2,009,385</u>

5. LONG TERM DEBT

The term bank loan is secured by a demand debenture in the amount of \$1,950,000 on all the assets of Grafton Realty Company, Limited and is repayable in 120 equal monthly instalments of \$25,000 (principal and interest) maturing May 1, 1982. Interest is payable at a fluctuating rate of 2% above bank prime rates but not less than 8½% per annum.

6. PREFERENCE SHARES HELD BY MINORITY SHAREHOLDERS IN SUBSIDIARY COMPANIES

Grafton-Fraser Limited shall in each fiscal year apply to the retirement of preference shares by purchase for cancellation or by redemption an amount equal to at least 5% of its consolidated net income for the immediately preceding fiscal year. During 1973, Grafton-Fraser Limited purchased 9,127 preference shares at a cost of \$182,884 (1972, 6,326 shares at a cost of \$118,299) to fully comply with this provision. Gains and losses from these transactions have been reflected in contributed surplus.

7. CAPITAL STOCK

	<u>1974</u>	<u>1973</u>
Common shares		
Issued		
Issued during the year under the Employee Stock Option Plan, 10,572 shares (1973, 5,732 shares) at \$21.60	<u>\$ 228,356</u>	<u>\$ 123,811</u>
Shares set aside for Employee Stock Option Plan		
Reserved for allotment	51,850	51,850
Options outstanding, exercisable at \$21.60 per share up to February 11, 1977	26,846	37,418
Options exercised to date	<u>16,304</u>	<u>5,732</u>
	<u>95,000</u>	<u>95,000</u>

8. LONG TERM LEASES

The aggregate amount of rentals incurred by all of the company's subsidiaries as an expense during their most recent fiscal periods in respect of all leases (including licences) was \$5,988,000.

Based upon all leases (including licences) in existence as at their fiscal period ends, the aggregate minimum annual amount that will be incurred by all the company's subsidiaries as rental or licence expense during their next five fiscal years is approximately \$3,728,000.

9. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by The Business Corporations Act) was \$317,000 (1973, \$285,000).

10. CONTINGENT LIABILITIES

With respect to the investment in shares of Forsyth Trading Company Limited (note 4), Grafton Group Limited has guaranteed 50% of Forsyth's bank loans and certain notes payable by Forsyth. The aggregate maximum contingent liability cannot exceed \$2,730,000.

11. SUBSEQUENT EVENT

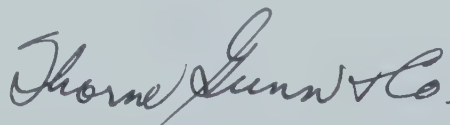
Subsequent to January 31, 1974, the company intends to make an offer to acquire the net assets and operations of the James B. McGregor Division of an affiliated company. It is anticipated that the purchase price will be approximately \$2,000,000 and is to be satisfied partially by the repayment of the note receivable and advance to an affiliated company totalling \$903,629 (note 3) and the balance by cash.

Auditors' Report

To the Shareholders of
Grafton Group Limited

We have examined the consolidated balance sheet of Grafton Group Limited and subsidiary companies as at January 31, 1974 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting practice as set out in note 1 to the financial statements, on a basis consistent with that of the preceding year.



Chartered Accountants

Toronto, Canada
February 22, 1974

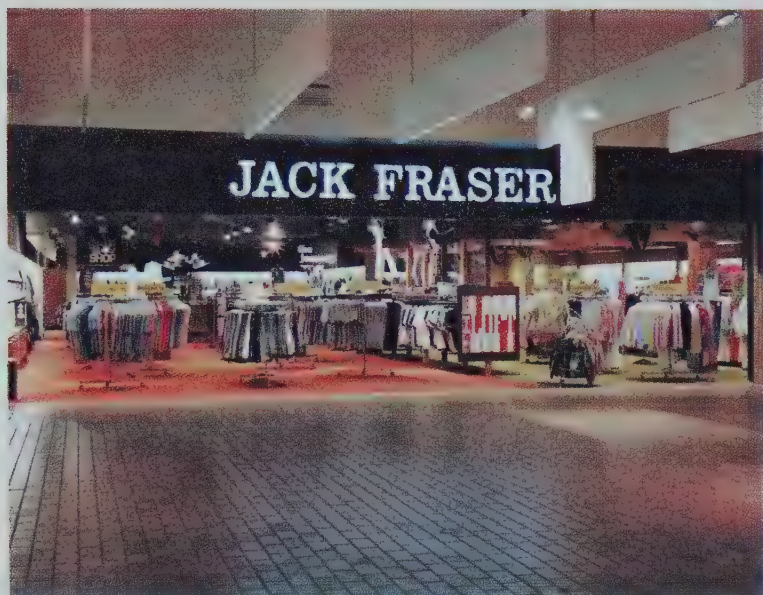
Historical Summary

	January 31						
	1974	1973	1972	1971	1970	1969	1968
	Omitting 000's						
Sales							
Retail	\$65,718	\$54,415	\$44,280	\$37,895	\$32,038	\$25,219	\$21,461
Manufacturing	5,545	5,184	4,602	4,109	4,115		
	71,263	59,599	48,882	42,004	36,153	25,219	21,461
Cost of sales and expenses other than undernoted	61,782	52,651	43,741	37,749	32,950	23,399	20,602
Income from operations before the undernoted items	9,481	6,948	5,141	4,255	3,203	1,820	859
Percent to sales	13.3	11.7	10.5	10.1	8.9	7.2	4.0
Depreciation	567	393	267	196	161	100	109
Interest on long term debt	172	112					
Other interest (net)	275	101	119	356	360	255	263
Provision for decline in value of marketable securities	87						
	1,101	606	386	552	521	355	372
Income before income taxes, extraordinary item and minority interests	8,380	6,342	4,755	3,703	2,682	1,465	487
Income taxes	4,310	3,067	2,445	2,009	1,461	789	253
	4,070	3,275	2,310	1,694	1,221	676	234
Gain on sales of investments					27		
	4,070	3,275	2,310	1,694	1,248	676	234
Minority interests							
Preference share dividends	36	42	51	56	54	54	47
Common shares since acquired by Grafton Group Limited					164		
	36	42	51	56	218	54	47
Net income	\$ 4,034	\$ 3,233	\$ 2,259	\$ 1,638	\$ 1,030	\$ 622	\$ 187
Earnings per common share	\$ 2.14	\$ 1.72	\$ 1.22	\$ 1.01	\$.69	\$.58	\$.18
Dividends per common share	\$.42	\$.325	\$.20	\$.05			
Weighted average number of shares outstanding	1,883,600	1,874,700	1,853,667	1,611,496	1,611,496	1,096,750	1,096,750

	January 31			
	1974	1973	1972	1971
EARNINGS PER SHARE PER QUARTER				
1st Quarter	\$.231	\$.161	\$.100	\$.066
2nd Quarter	.425	.347	.277	.202
3rd Quarter	.315	.268	.193	.107
4th Quarter	<u>1.169</u>	<u>.944</u>	<u>.650</u>	<u>.635</u>
Total	<u>\$2.14</u>	<u>\$1.72</u>	<u>\$1.22</u>	<u>\$1.01</u>

	January 31						
	1974	1973	1972	1971	1970	1969	1968
NUMBER OF BRANCHES							
Leased Woolco Departments	67	56	47	41	33	27	22
Company Stores	<u>65</u>	<u>54</u>	<u>51</u>	<u>46</u>	<u>41</u>	<u>39</u>	<u>40</u>
Total	<u>132</u>	<u>110</u>	<u>98</u>	<u>87</u>	<u>74</u>	<u>66</u>	<u>62</u>
Branches Opened	24	16	13	14	10	6	5
Branches Closed	2	4	2	1	2	2	1
Store Space at End of Year, Omitting 000's	850	718	633	579	488	424	377
Sales Per Square Foot Based on Year End Footage	\$77.3	\$75.8	\$69.9	\$65.4	\$65.6	\$59.5	\$56.9

Company Store and Leased Department photographs



			Percent of Division Sales
British Columbia			
*Burnaby, Lougheed Mall	*Kelowna, Orchard Park Centre	*Vancouver, Park Royal	8.4
*Kamloops, Thompson Park	*Surrey, Surrey Place	*Victoria, Hillside Centre	
The Prairies			
†*Calgary, Market Mall	†*Edmonton, Londonderry Mall	*Winnipeg, Garden City, W. Kildonan	5.0
Ontario			
†*Barrie, Bayfield Mall	*London, Argyle Mall	*Oakville, Hopedale Centre	83.7
†*Belleville, Bellefonte	*London, Wellington Square	†*Ottawa, Bayshore Mall	
†*Belleville, Quinte Mall	†*London, White Oaks	*Oshawa, Oshawa Centre	
†*Bramalea, Bramalea City Centre	*Metro Toronto, Agincourt Mall	† Owen Sound	
†*Brampton, Shoppers' World	†*Metro Toronto, Albion Mall	† Peterborough	
*Brampton, Shoppers' World	*Metro Toronto, Eglinton Square	†*Pickering, Sheridan Mall	
† Brantford	Metro Toronto, Lawrence Avenue	†*St. Catharines, Niagara Pen	
†*Brantford, Brantford Mall	*Metro Toronto, Northtown	*St. Catharines, Niagara Pen	
†*Burlington, Burlington Mall	Metro Toronto, Pape & Danforth	†*Sarnia, Lambton Mall	
†*Chatham, Chatham Place	†*Metro Toronto, Scarborough Town Centre	*Sault Ste. Marie, Market Mall	
†*Chatham, Thames-Lea Centre	*Metro Toronto, Sherway Gardens	†*Stoney Creek, Eastgate Square	
† Dundas	*Metro Toronto, West Side	†*Thunder Bay, Thunder Bay Mall	
Galt	*Metro Toronto, Yorkdale Centre	† Timmins	
*Hamilton, Greater Hamilton Centre	†*Mississauga, Mississauga Square One	† Trenton	
†*Kapuskasing, Model City Mall	†*Mississauga, Sheridan Mall	† Welland	
*Kitchener, Fairview Park Centre	*Newmarket, Newmarket Plaza	†*Windsor, Devonshire Mall	
† Lindsay	Oakville	†*Windsor, Tecumseh Mall	
		† Woodstock	
Quebec & Maritimes			
†*Dartmouth, Mic Mac Mall	*Moncton, Highfield Square	*Montreal, Le Cavalier, La Salle	2.9
†*Halifax, Bayers Road			
			<u>100.0</u>
*Shopping Centre locations			
† Loft Stores			

Leased Woolco Departments

			Percent of Division Sales
British Columbia			
*Burnaby, Lougheed Mall	*Vancouver, Capilano Mall	*Victoria, Saanich Centre	5.2
The Prairies			
*Brandon, Shoppers' Mall	*Edmonton, Centennial Village	*Prince Albert, South Hill Mall	
*Calgary, McLeod Mall	*Edmonton, Londonderry Mall	*Red Deer, Parkland Mall	
*Calgary, Marlborough	*Lethbridge, College Mall	*Regina, Northgate Mall	28.1
*Calgary, Northland Village	*Moose Jaw, Towne & Country Mall	*Saskatoon Confederation Park Plaza	
*Calgary, Westbrook Mall		*Winnipeg, Grant Park Centre	
*Edmonton, Capilano Mall		*Winnipeg, Crossroads Centre,	
Ontario			
*Brantford, Brantford Plaza	*London, White Oaks Mall	*Owen Sound, Grey County Mall	
*Brockville, 1000 Island Mall	*Metro Toronto, Agincourt Mall	*St. Catharines, Lincoln Mall	
*Chatham, Chatham Place	*Metro Toronto, Dufferin Mall	*Sarnia, Lambton Mall	
*Cornwall, Brookdale Mall	*Metro Toronto, Honeydale Mall	Sault Ste. Marie	
*Hamilton, Mt. Hamilton Centre	*Metro Toronto, North Park	*Stoney Creek, Eastgate Mall	36.9
*Kingston, Frontenac Mall	*Metro Toronto, Weston	*Sudbury, Nickel Range Plaza	
*Kitchener, Fairview Park Centre	*Mississauga, Square One Centre	*Whitby, Whitby Mall	
*London, Argyle Mall	*Ottawa, Lincoln Fields	*Windsor, Gateway Plaza	
*London, Oakridge Mall		*Windsor, Easttown Centre	
Quebec & Maritimes			
*Cap de la Madeleine, Les Galeries du Cap	*Montreal, Taschereau, Brossard	*St. John's, Avalon Mall	
*Chicoutimi, Place du Royaume	*Montreal, Kirkland Plaza	*St. Laurent, Le Bazar Centre	
*Drummondville, Les Galeries	*Montreal, Le Cavalier, La Salle	*Sherbrooke, Rock Forest Centre	
*Giffard, Centre Ste. Anne	*Montreal, Plaza Laval, Laval	*Sydney River, Cape Breton	29.8
*Granby, Granby Plaza	*Montreal, d'Achats, Longueuil	*Tracy, Tracy Plaza	
*Halifax, Scotia Square	*Montreal, Langelier, St. Leonard	*Trois Rivières Centre	
Levis	*St. Jean, Les Galeries Richelieu	*Valleyfield Centre	
	*Saint John, Loch Lomond		
			<u>100.0</u>
*Shopping Centre locations			

